

**APPENDIX 1****CLEAN COPY OF TEXT TO BE ADDED TO THE SPECIFICATION**

Referring to Fig. 2a, in summary, a tenant improvement lease 100 may operate with the following flow of funds. Consider first the flow of funds that occurs when the parties initially enter lease 100. In the case of existing tenant improvements to a space that the tenant holds under an existing lease, tenant 102 sells (arrow ①) the tenant improvements to special purpose entity 110. In the case of a new tenancy, special purpose entity 110 makes the funds available to tenant 102 for the tenant to build tenant improvements. In either case, the funds for special purpose entity 110 may be drawn from investors in the capital markets. Tenant 102 leases (arrow ①) the tenant improvements back from special purpose entity 110 under a "bondable" lease 100. Special purpose-entity 110 may issue (arrow ②) lease-backed bonds. Landlord 104 may hold 100% of the equity in special purpose entity 110 (arrow ③), which equity may be at least 3% of the total capitalization for the tenant improvements. Special purpose entity 110 may use the proceeds to purchase (arrow ④) the tenant improvements from tenant 102 and to pay the costs of the transaction.

The lease may generate a flow of funds on an ongoing basis as shown in Fig. 2b. Tenant 102 may make lease payments (arrow ①) through lease 100 to a bond trustee. The bond trustee may distribute principal and interest payments on the bonds to investors (arrow ②). The bond trustee may distribute (arrow ③) the remaining cash flows to the special purpose entity to meet the landlord's requirements for a return on equity on the landlord's contribution to special purpose entity 110. Special purpose entity 110 may dividend (arrow ④) any excess rent payments to landlord 104. Tenant 102 may continue to make space lease payments (arrow ⑤) to landlord 104 in the ordinary manner.